Pt. Hadlock Wastewater System

Sewer Advisory Group
October 6, 2009
Meeting Number 4

Agenda

• Introduction
• Acceptance of meeting summary
• Update/Follow-up from last SAG meeting
• Policies & ordinances
• Policy discussion – SAG input
• Finalize Policy recommendations to DCD
• Technical update
• Final questions/comments
Recap – SAG #3

- Review recommendations.

Updates Since Previous Meeting

- UGA Compliance Update
  - Second appeal decision
- Additional written comment from SAG member
- Recap of Financing/Cash Flow Plan
### TABLE 9-6 PART 1.
ESTIMATED REPAYMENT STREAM THROUGH 2018

<table>
<thead>
<tr>
<th>Phase</th>
<th>Cash Flow From Facility Plan</th>
<th>Woody Drive</th>
<th>Residential Area #2</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Connection SKUs</td>
<td>432</td>
<td>73</td>
<td>82</td>
</tr>
<tr>
<td>Connection Charge Revenue</td>
<td>8,819,428</td>
<td>1,081,457</td>
<td>1,234,278</td>
</tr>
<tr>
<td>Additional Borrowing</td>
<td></td>
<td>2,000,000</td>
<td>0</td>
</tr>
<tr>
<td>Annual Debt Payments</td>
<td></td>
<td>8,000,000</td>
<td>0</td>
</tr>
<tr>
<td>USDA-20 yrs</td>
<td>657,000</td>
<td>685,000</td>
<td>128,204</td>
</tr>
<tr>
<td>Other Costs 20 yrs</td>
<td>685,000</td>
<td>128,204</td>
<td>613,177</td>
</tr>
<tr>
<td>Total Debt Payments</td>
<td>1,322,000</td>
<td>1,322,000</td>
<td>1,322,000</td>
</tr>
<tr>
<td>Future Capital Improvements</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ending Balance</td>
<td>5,157,425</td>
<td>4,558,585</td>
<td>5,513,185</td>
</tr>
</tbody>
</table>

* Year of Significant Treatment Plant expansion

### TABLE 9-6 PART 2.
ESTIMATED REPAYMENT STREAM THROUGH 2024 AND 2025-2030

<table>
<thead>
<tr>
<th>Phase</th>
<th>Residential Area #2</th>
<th>Residential Area #3</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Connection SKUs</td>
<td>226</td>
<td>273</td>
</tr>
<tr>
<td>Connection Charge Revenue</td>
<td>3,646,018</td>
<td>4,125,688</td>
</tr>
<tr>
<td>Additional Borrowing</td>
<td>500,000</td>
<td>0</td>
</tr>
<tr>
<td>Annual Debt Payments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>USDA-20 yrs</td>
<td>1,903,471</td>
<td>1,903,471</td>
</tr>
<tr>
<td>Other Costs 20 yrs</td>
<td>32,074</td>
<td>32,074</td>
</tr>
<tr>
<td>Total Debt Payments</td>
<td>1,935,471</td>
<td>1,935,471</td>
</tr>
<tr>
<td>Future Capital Improvements</td>
<td>588,000</td>
<td>588,000</td>
</tr>
<tr>
<td>Ending Balance</td>
<td>587,402</td>
<td>2,708,810</td>
</tr>
</tbody>
</table>

* Year of Significant Treatment Plant expansion
Policies & Ordinances - Overview

- Connections to system (SAG Meetings #1 & 2)
- System management (SAG Meeting #2)
- Cost allocation/ULID (SAG Meetings #2 & 3)
- Rate structure (SAG Meeting #3)
- Ancillary services (SAG Meeting #3)
  - Sewer availability (SAG Meeting #4)
  - Extension of system (SAG Meeting #4)
  - Recap of SAG recommendations (SAG Meeting #4)

What We Want from You Today…

- Advice on policies & ordinances
  - Sewer Availability – How will the Sewer Utility determine when sewer is available in an area?
  - Extension of the System – How will the planned expansions be made to the sewer system?
  - Finalize SAG recommendations
NOTE

• Advice on policies & ordinances
  – In order to assist the SAG, a slide is included for each question with a potential recommendation/s.
  – SAG can use this recommendation/s, or
  – SAG can make any recommendation it thinks is appropriate, or
  – SAG can provide a range of opinions if consensus isn’t reached.

Policy: Sewer System Availability

• How will the sewer utility determine when sewer service will be available in a given area?

• Alternatives:
  – Utility issues letter/certificate of sewer availability
  – Collection system by phase as scheduled in Facility Plan
  – Treatment capacity as scheduled in Facility Plan
  – Combination of above

• Factors to Consider:
  – Allow for orderly connection to the new sewer system
  – Provide predictable schedule for existing and new development
  – Ensure that treatment capacity keeps pace with collection system expansion
  – Maintain a strong financial utility (cash flow)
SEWER AVAILABILITY AND CAPACITY CONTROL

<table>
<thead>
<tr>
<th>Sewer Availability</th>
<th>New connections to make application, sewer utility to determine whether sewer is available.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Collection System Phases</td>
<td>As system expands into next phase of the Facility Plan, utility sends letter to those eligible.</td>
</tr>
<tr>
<td>• Treatment Plant Capacity</td>
<td>Sewer utility to track plant capacity that is available and promised.</td>
</tr>
</tbody>
</table>

Sewer Permit

Property owner/licensed contractor must obtain sewer permit before connecting.

Pre-purchase Capacity

Can property owners pre-purchase capacity in current phase? Consider increasing connection charges annually to reflect cost increases and interest on funds borrowed.

Sewer service will be considered available when:

• **Collection System Phases:**
  - Facility Plan: in strict accordance with the plan
  - Specific Development Plans: allow adjustment according to specific funded development plans

• **Treatment Plant Capacity:**
  - Sewer Utility to track capacity that is available and promised

• A certificate of sewer availability to be required from the sewer utility; existing development to receive a letter stating their eligibility by phases.

• May allow pre-purchase of capacity based upon best interest of the utility

• Connection fees will be adjusted annually to reflect actual costs and/or interest on funds borrowed
Policy: System Extension

- How will the new sewer utility allow for system extension?

- Alternatives:
  - By Sewer Utility
  - By ULID
  - By Developer extensions
  - Latecomer Agreement

- Factors to Consider:
  - Allow for planned orderly extension of the system
  - Provide alternatives for property owners/developers to accelerate their own schedule when possible
  - Ensure all customers pay their equitable share
  - Ensure a strong financial utility – balance debt and customers

Methods of Extending the Sewer

<table>
<thead>
<tr>
<th>EXTENSION OF SYSTEM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sewer Utility</strong></td>
</tr>
<tr>
<td>The sewer utility will phase the general facilities. The equitable share of the cost of the facilities will be funded by connection charges.</td>
</tr>
<tr>
<td><strong>Utility Local Improvement District (ULID) Process</strong></td>
</tr>
<tr>
<td>The local collection system may be extended thru the ULID process where property owners pay their equitable share of the cost of the facilities by ULID assessment over 10-20 years.</td>
</tr>
<tr>
<td><strong>Developers Extension</strong></td>
</tr>
<tr>
<td>Developer or property owner extends the system to the far edge of the property and pays for such extension. Oversize when required.</td>
</tr>
<tr>
<td><strong>Latecomers Agreement</strong></td>
</tr>
<tr>
<td>Allows the party that funded the facilities to be reimbursed by others connecting into such facilities within 15 years.</td>
</tr>
</tbody>
</table>
**Recommendation?: Sewer System Extension**

**To allow for planned orderly expansion of the system:**
- Anticipate that the sewer utility will expand the treatment facilities as necessary
- Allow the ULID process for extending local facilities
- Allow developer extensions so that property owners and/or developers can accelerate their own schedule when possible
- Allow latecomers agreements to make sure that the developer extensions can be reimbursed by others connecting into the facilities
- Ensure all customers pay their equitable share of the costs

**Policies & Ordinances**

- Review of SAG recommendation summary
- Questions and edits to summary table
- Additional recommendations/comments
- Recommendation to forward summary to DCD
Preliminary Design – What’s Next

• System site evaluation:
  – County determining course of action for discussion/negotiation.
• MBR technology:
  – Submitted draft recommendation to County.
  – BoCC to confirm recommendation in coming months.
• Open house:
  – November 19th 6:30 – 8:00pm
  – Jefferson County Library
  – SAG members encouraged to attend/ask public to attend.

Future of SAG

• What do you think your role should be?
• Future questions
• Opportunities for public outreach
• Thoughts & recommendations?
Thank You!!!